



**ARIZONA STATE SENATE**  
*Fifty-Second Legislature, Second Regular Session*

**FACT SHEET FOR S.B. 1279**

empowerment scholarships; expansion; phase-in

Purpose

Expands eligibility in the Empowerment Scholarship Account program to all K-12 students by the 2018-2019 school year.

Background

The Empowerment Scholarship Account (ESA) program was established in 2011 to provide educational options for special needs students outside of the public school system. The program has since expanded to include: 1) students attending D and F schools or school districts; 2) foster care children; 3) children in military families; 4) siblings of current or previous ESA recipients; 5) School Tuition Organization (STO) recipients who are eligible for Arizona Scholarships for Pupils with Disabilities Program (ASDP); and 6) students residing on an Indian Reservation. In order to be eligible for the ESA program, a child must meet any of the above requirements and must have either: 1) attended a public school as a full-time student for at least the first 100 days of the prior fiscal year; 2) previously participated in the ESA program; 3) received an STO scholarship due to being displaced or disabled and continues to attend a qualified school; 4) been eligible for an ASDP scholarship under certain circumstances; or 5) not previously attended a governmental primary or secondary school and is currently eligible to enroll in a school district or charter school kindergarten program.

ESAs are funded at 90 percent of basic state aid that would otherwise be allocated to an ESA recipient's prior school district or charter school. The Arizona Department of Education (ADE) transfers this amount to the State Treasurer (Treasurer) for deposit into each ESA. ADE may retain up to five percent the basic state aid for each ESA for ADE's costs in administering the program. The Treasurer is entitled to one percent of the five percent for its costs. Both amounts are subject to legislative appropriation.

Laws 2013, Chapter 250 caps the number of new ESAs approved by ADE at 0.5 percent of total public school enrollment through 2019, or approximately 5,500 new students annually. In FY 2016, ADE estimates there are 2,175 students enrolled in the ESA program and approximately \$27 million disbursed. Based on historical data, JLBC estimates 3,039 students will be enrolled in the program in FY 2017 and almost \$38 million disbursed.

There is a potential impact to the state General Fund. The fiscal impact depends on the participation rate and where the student otherwise would have attended school.

Provisions

1. Expands ESA eligibility beginning in the 2016-2017 school year to include any child who attends a public school in grades K-5.
2. Expands ESA eligibility beginning in the 2017-2018 school year to include any child who attends a public school in grades K-8.
3. Expands ESA eligibility beginning in the 2018-2019 school year to include any child who attends a public school in grades K-12.
4. Exempts these children from any other ESA eligibility requirements.
5. Makes conforming changes.
6. Becomes effective on the general effective date.

Prepared by Senate Research

February 2, 2016

CB/lr